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## **ON INCREASING OF THE COMPETITIVENESS OF THE GARMENT INDUSTRY IN SIBERIAN FEDERAL DISTRICT ON THE BASIS OF THE INDUSTRIAL CLUSTER ESTABLISHMENT<sup>1</sup>**

*The issue of the development prospects of the Russian economy and the economy of its individual branches in the regions is highly relevant in terms of the increasing crises and economic development challenges. The scope of the study is a garment industry of the Siberian Federal District, which includes 12 subjects, and only six of them develop the garment industry actively. There are the regions of Kemerovo, Novosibirsk, Omsk, Tomsk, Krasnoyarsk Krai and the Republic of Khakassia. The subject matter of the research is the state and prospects of the garment industry of the Siberian Federal District. It also includes the assessment of the garment industry as one of the sub-sectors of the light industry in terms of its competitiveness in the domestic market. The purpose of the comprehensive study is to determine the conditions and factors affecting the development of the industry, as well as to identify its development reserves and competitiveness on the basis of industrial cluster's generation. The hypothesis of this study is that in the Siberian Federal District, there are a need and reserves to create a cluster of the garment industry. The main methods of the study are the comparative analysis, the expert assessment of the sector in certain regions of the Siberian Federal District, as well as the assessment of possible formation of the industrial cluster in the region. The results of the study are the evaluation of the competitiveness and prospects of the garment industry in Russia and the Siberian Federal District (a low level of development and competitiveness); the evaluation of the development level of the garment industry in the Federal District, which have showed the demand for apparel products from the population and enterprises, as well as the conditions for the provision of clothing manufacture with natural fabrics and synthetic materials, labor resources and research and development achievements; also the justification of the existing potential for development of a sectoral cluster by means of pooling together the productions and economic communications of the Novosibirsk and Omsk regions at the initial stage. The obtained results should be used to strengthen works for the development of regional industrial cluster (with a creation of a working group at the regional governments, the garment industry development programs, and practical measures for its realization), as well as a creation of conditions for stimulation of investment activity of entrepreneurs. The research has confirmed the hypothesis, that in the Siberian Federal District, there are a need and reserves to create a cluster of the garment industry.*

**Keywords:** light industry, Omsk region, Novosibirsk region, competitiveness of the light industry, capacity of the light industry, cluster, development prospects, risks

### **Introduction**

The issue of uneven development of individual industries and regions of the Russian Federation is very relevant in the conditions of world crises. In the message of President Vladimir Putin to the Federal Assembly on December 4, 2014, the priorities in the development of the country were clearly marked, of which as the main ones in the socio-economic sphere, the construction of road and transport infrastructure, development of agro-industrial complex were identified, including import-substituting industries<sup>2</sup>. For obvious reasons, the areas that determine the defense and security of the country are emphasized, but in historical terms the situation is repeated — imbalance in development between sectors, creating the means of production, and those producing consumer goods is intensified. Without going into a political and economic discussion, we can state the fact of perception of the light industry of Russia as a secondary sector of the economy. However, to many economies, the light industry became the engine of development, for example, to the countries of East and South Asia, the United States. For Russia, first of all, for Siberian regions the issue of qualitative clothes and shoes is of

<sup>1</sup> Original Russian Text © T. D. Sinyavets, L. A. Rodina, 2016, published in *Ekonomika regiona* [Economy of Region]. — 2016. — Vol. 12, Issue 1. — 226–239.

<sup>2</sup> Poslanie Prezidenta V. V. Putina Federalnomu sobraniyu 4 dekabrya 2014 goda [Message of President Vladimir Putin to the Federal Assembly on December 4, 2014]. Retrieved from: <http://www.kremlin.ru/transcripts/47173> (date of access: January 23, 2015).

great importance due to unsatisfied demand for qualitative and affordable clothing meeting climatic conditions. In this regard, the hypothesis of the study is the following: the development of the light industry of the Siberian Federal District as a competitive industry is possible due to resources and opportunities in the region.

In the most general sense, competitiveness is the ability to outperform other objects or subjects in struggle for consumer, to meet the needs in the best way under the current market conditions.

The industry can be competitive, according to M. Porter [1, 11], when it is able to sustain the struggle against foreign producers (stable export), its development is continued, despite the impact of negative factors, and the industry remains attractive for investments.

### Methods and results of the study

It is expedient to study the competitiveness of garment industry in comparison with other branches of light industry, namely, with the textile industry and production of leather, leather products and footwear production.

To study the competitiveness of the light industry of the Siberian Federal District, a methodology based on the principles of systematic and comprehensive approach was used. The methodology involves two parts. The first part is the assessment of conditions and factors (economic, technical, organizational) determining the state of development of textile industry (its sub-sectors). The second part of the methodology is designed to assess the competitive advantages of the clothing industry as to the subjects of the Siberian Federal District. This method allows one to set the overall level and prospects of development of light industry, as well as to identify actors in the region that have the potential for successful development of the industry.

We begin our analysis of light industry competitiveness from the evaluation of the overall socio-economic situation, because the competitiveness of the industry depends on state support and effectiveness of activities of its member organizations [2]. The state support of light industry, declared by the Russian Federation Ministry of Industry and Trade in 2009, in "Strategies for development of light industry of Russia for a period up to 2020"<sup>3</sup> and expected by business entities, appeared to be insufficient for its successful development. This was testified by the data of Russian Ministry of Economic Development report "On results of socio-economic development of the Russian Federation in January — September 2014", according to which the share of light industry in the structure of GDP by the middle of 2014 was 0.2 %, and continued to be declined<sup>4</sup>.

According to the research of scientists team from SRU HSE led by V.V. Radaev, the state of light industry is estimated to be very complicated, because the industry has lost its previous positions and the question arises about its survival in the long term [3]. According to the data of scientists, in the early 1990-s, the industry production collapse occurred: its volume in terms of cost decreased by 5 times, in volume terms — by 8 times [3, p. 15].

The amount of expected by 2020 investments in modernization of light industry, according to the Innovation Development Strategy, should reach 172.826 billion rubles (it was estimated as to 2009<sup>5</sup>). The analysis of development of the industry by early 2015 (6 years have passed since the beginning of implementation of the strategy of Russian Ministry of Industry and Trade) shows that the expected performance indicators of the industry have not been met. The stabilization of light industry due to the measures of state regulation (reimbursement of the cost of interest on loans for purchase of equipment, duty-free import of modern weaving and sewing equipment, anti-counterfeiting, preparing for implementation of technological platform of the project "Textile and light industry", production cooperation within the framework of the Common economic space of Belarus and Kazakhstan was reached, adoption of decree "On establishment of ban on admission of light industrial products originating from foreign countries, for procurement purposes for federal needs and additional

<sup>3</sup> Strategii razvitiya legkoy promyshlennosti Rossii na period do 2020 goda [Strategies of development of light industry of Russia for the period till 2020]. Retrieved from: <http://www.roslegprom.ru/Go/ViewArticle/id=1692>.

<sup>4</sup> Ob itogakh sotsialno-ekonomicheskogo razvitiya Rossiyskoy Federatsii v yanvare — sentyabre 2014 goda. Otchet Minekonomrazvitiya Rossii. Moskva, okt. 2014 g. [On the outcomes of socio-economic development of the Russian Federation in January — September, 2014. Russian Ministry of Economic Development report. Moscow, October, 2014]. Retrieved from: <http://economy.gov.ru/wps/wcm/connect> (date of access: 9.04.2015).

<sup>5</sup> Strategiya razvitiya legkoy promyshlennosti Rossii na period do 2020 goda [Strategies of development of light industry of Russia for the period till 2020]. Retrieved from: <http://old.minpromtorg.gov.ru/ministry/strategic/sectoral/3> (date of access: 24.01.2015).

requirements to procurement of such products", the innovation center of light industry was created on the basis of existing sectoral institutions (Order of Rosimushchestva of 13 May, 2013, № 370-p), as well as regulations in the field of education at the regional, municipal levels, establishing requirements for clothing of students of educational institutions, and others).

Partially the mega project was implemented to create a textile industrial complex of Ivanovo region, it is gradually implemented the pilot project to establish the flax complex in the Vladimir region ("Vyaznikovskiy Lnokombinat"), by 2014 2.9 billion rubles was developed) and others. However, unfortunately, they did not manage to attract substantial domestic and foreign investments in the sector. It should be noted such positive result of development of the industry, as the growth of textile industry through the creation of clusters in the Central and Volga federal districts. The steps for construction of textile industries were also made in Yaroslavl, Kostroma regions, Tatarstan and Kabardino-Balkaria. The created productions will help in the future to solve one of the problems of the garment industry, namely, providing the enterprises-producers with fabrics produced in Russia.

As for the impact of negative factors, such as Russia's accession to the WTO and the international sanctions, they will not have a significant impact on the development of light industry. On the one hand, the WTO accession increased competition between manufacturers of fabrics, garments and footwear, on the other hand, the international sanctions and the responses of the Russian Federation measures have smoothed this trend by intensifying the possibility of import substitution.). The main problems of the industry development are significant imports of textiles, clothing and footwear, including counterfeit goods (annual import volume of natural textiles, textile products and footwear is 22 times more than that of export) [3, p. 31], as well as the declining demand of the population due to crises (inflation and unemployment).

Analysis of technical conditions of functioning of enterprises of light industry has shown that there are no manufacturers of special equipment for the industry. Businesses have to buy it abroad, which requires substantial investments. As a result, the investments are carried out mainly by industry leaders, and the rest work on morally and physically obsolete equipment, which does not allow them to load capacities for 100 %. (Table. 1, indicators 6, 7). This situation hinders the introduction of modern technologies of manufacturing high-quality garment products and updating its product range. Thus, only 10 % of leather-footwear enterprises implemented unique products in manufacturing, and 36 % of their total range partially changes every year. The current situation indicates the low level of competitiveness of the industry, especially in comparison with international manufacturers.

The analysis of organizational conditions of the light industry development supposes the assessment of the location of enterprises on the territory of the Russian Federation, the level of specialization and cooperation of production, qualification of employees, working conditions and remuneration, capacity utilization, maintenance organization.

The large proportion (89 %) of large enterprises of light industry is concentrated in the western part of the Russian Federation. The total of 30 out of 185 large factories are located behind the Urals, among them are the Novosibirsk factory "Prize", "Classic", "Cinar", Novosibirsk and Pervomayskaya garment factories (Novosibirsk), Tyumen sewing factory "Druzhba", Chelyabinsk factory "Elena" and others. Sewing small and medium-sized businesses that provide the local demand for products are distributed throughout the whole country, but the larger share of them falls on its western part. The high level of production concentration is observed in textile and leather-footwear industry. The common problem of all sub-sectors of light industry is the shortage of qualified staff, in spite of the existing system of personnel training for the industry, the unwillingness to work in it is due to the low wages (according to SRU HSE researchers' estimate, the wage in the industry in 2013 was 2 times lower than the national average level) [3, p. 47], as well as to poor and difficult working conditions (outdated equipment, long-term lack of overhaul of premises, high laboriousness of work, and others.).

Having studied the socio-economic situation in the industry, the level of development of economic, technical and organizational conditions that determine the competitiveness of the enterprises of light industry, we can state the low level of development of the industry, the situation is worse only in the timber and woodworking industry. However, in the light industry, there are prospects for increasing competitiveness in the domestic market, helped by government support of import-substitution and emerging industry clusters.

Table 1 shows the data characterizing the competitiveness of sub-sectors of light industry. Criteria for assessing the competitiveness of the garment industry are selected on the basis of analysis of

Comparative analysis of the level of development of light industry sub-sectors\*

№	Criteria of competitiveness of the industry	Light industry subsector		
		Textile industry	Garment industry	Manufacture of leather, leather products and footwear production
1	Rationality of industry structure	The structure is rational: the companies are approached to sources of raw materials and are concentrated in the western part of the Russian Federation, industrial clusters in Ivanovo, Vladimir, Saratov and other regions have been formed	The structure is irrational: the enterprises are spread across the territory of the Russian Federation, the largest clusters have been developed in Ivanovo, Rostov ("Don-Tex"), Moscow and Krasnodar regions	The structure is irrational: the enterprises are concentrated in the western part of the Russian Federation, the strongest leather-footwear cluster is in the Rostov region
2	Availability of raw materials and materials	Low: lack of qualitative domestic raw materials (wool, synthetic fibers and threads, long-fiber flax); 100 % of cotton, 35 % of flax, 40 % of chemical fibers and threads, 50 % of wool are imported	Low: cotton fabrics are available, but it is not enough high-quality wool, flax and mixed fabrics. Import of cotton fabrics — 15 %, wool — 60 %, silk — 95 %	Medium: lack of high-quality leather raw materials, import of 30 % of raw materials for footwear manufacture
3	Contribution to the volume of manufacturing of the industry for the middle of 2014	44,9 %	35,5 %	19,6 %
4	Share of market of domestic enterprises	62 %	54 %	20 %
5	Share of enterprises engaged in export	5,6 %	3,6 %	4,7 %
6	Volume of investments, main direction	3176 mln rub. since 2008, the major share of investments is directed to the construction of new shops	1853 mln. rub. low motivation of companies to invest (annual renewal of capacity is 3–4 %, with the necessary 14–16 %)	1376 mln rub. 50 % of investments is directed to equipment
7	Capacity utilization	77 %	65 %	30 %
8	Average level of profitability of the industry's enterprises	11 %	30,1 %	10,3
9	Average level of sales profitability	3,6 %	20,1 %	4 %
10	Share of enterprises engaged in R & D (have a technological reserve)	25 %	44 %	37 %
11	Focusing on price segment	Focusing on medium price segment of consumer market	Focusing on medium price segment of consumer market	Focusing on medium and medium-low price segment of consumer market

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12	Prominence of Russian brands of the industry	"Veroni", "Belashoff", "Gentug Textile", "Cleanelly", "Cotton dreams", "Artpostal", "Donskoy Textil", "Marianna", "Martha Podushkina", "Myagkiy son", "Nord tex", "Slavyanskiy textil", "Neposeda", "Miroteks", "Tinta", "Ekotex" and oth.	"Gloria Jeans» "Gee Jay", "Z'Ostin", "BAON", "InCity", "Tvoyo"	"Carlo Pasolini", "Tervolina", "Econika", "Brice-Bosfor" (Krasnodar region), "MUYa Production" (Vladimir region), "Unichel" (Chelyabinsk region)
13	Main products	Bed-linen, mattress covers, blankets, towels, curtains, tablecloths, blankets, bedspreads, pillows, blankets, etc.	Outerwear, easy dresses, skirts, trousers, jeans, etc.	Boots, shoes, sneakers, sandals, fur-boots, etc .
14	Novelty of products			
14.1	Production of unique products (% of total number of enterprises)	19 %	21 %	14 %
14.2	Share of updated range for the year	19 %	23 %	36 %

\* Sources: Kondrashina, O. N. & Tretyak, V. P. Sostoyanie protsessa klasterizatsii firm v Rossii [State of clusterization process of companies in Russia]. Retrieved from: [http://www.virtass.ru/admin/pics/24\\_02\\_IO.pdf](http://www.virtass.ru/admin/pics/24_02_IO.pdf) (date of access: 9.01.2015); Klasteriy legkoy promyshlennosti Rossii: strategiya i potentsial [Clusters of light industry of Russia: strategy and potential]. Retrieved from: <http://rustm.net/catalog/article/331.html> (date of access: 9.01.2015); Prokhorov, V. T., Meleshko, E. N., Osina, T. M. et al. (2007). Osnovnye perspektivy razvitiya obuvnykh predpriyatiy v Yuzhnom federalnom okruge: monografiya [Main perspectives of development of footwear enterprises in Southen Federal District: monograph]. In: Shuvaev, A.V., Kirikov, O. I. (Eds). Shakhty. Retrieved from: <http://window.edu.ru/library/pdf> (date of access: 01.15.2015); Radaev, V. V. (head of research team), Danilina, V. N., Kotelnikova, Z. V. & Nazarbayev, E. A. (2014). Tekushchee sostoyanie i perspektivy razvitiya legkoy promyshlennosti v Rossii [Tekst]: dokl. k XV Apr. mezhdunar. nauch. konf. po problemam razvitiya ekonomiki i obshchestva, Moskva, 1–4 apr. 2014 g. [Current state and prospects of development of light industry in Russia [Text]: rep. to XV April. Intern. scientific. Conf. on development of economy and society, Moscow, April, 1–4, 2014]. Nat. Research. Univ. "Higher School of Economics." Moscow: Publishing House of Higher School of Economics, 333; Perspektivy razvitiya professionalnogo obrazovaniya v sfere lyogkoy promyshlennosti i uslug v sootvetstvii s prognozom sotsialno-ekonomicheskogo razvitiya Rossiyskoy Federatsii do 2017 goda: Informatsionno-analiticheskiy sbornik [Prospects for development of vocational education in the field of light industry and services in accordance with the forecast of Russia's social-economic development up to 2017: Information-analytical collection]. (2014). Comp. by V.A. Semenov. Ekaterinburg: PCR LPU, 20.

the works of M. Porter, A.I. Tatarkin, V.L. Bersenev, S.G. Vazhenin, L.S. Shekhovtseva, A.Z. Seleznev, A.S. Novoselov, G.A. Untura, P. Maskel, A. Malmberg, L. Phillips, J.F. Tiss, et al. [2, 4–13].

Then, we analyze the potential competitive advantages of the garment industry in the Siberian Federal District. The district includes 12 subjects, of which only six are actively developing clothing industry—these are Kemerovo, Novosibirsk, Omsk and Tomsk regions, Krasnoyarsk region and the Republic of Khakassia (Table 2.). In the other subjects of FD, small businesses are engaged in sewing production in small volumes, focusing on the needs of local markets.

Evaluation of competitiveness of the garment industry in the Siberian Federal District was based on expert evaluation method. The experts were leading scientists of the Omsk State Institute of Service, as well as heads of enterprises "Tekhnoavia-Omsk", "Rosekipirovka", "Lider", "Forpost" et al. (totally 12 people). The experts were presented the excess list of criteria to assess the competitiveness of the industry, and then the list of criteria has been reduced to the list of the most relevant methods of brainstorming.

Table 2 shows the results of the expert assessment of information about clothing industry competitiveness in six regions of the Siberian Federal District. On the basis of the data in Table 2, it can be concluded that the state of the industry is difficult, but there are real opportunities for further development. So, the most promising for the industry are Novosibirsk, Omsk and Krasnoyarsk regions, because a comparatively large number of enterprises works there, the promising possibilities exist of use in the manufacture of garments both natural and non-woven materials. In the first two regions, it has developed a good system of industry education, as well as testing laboratories are working to

encourage producers to maintain a certain level of quality of production (due to high availability of consumer expertise).

On the whole, the district is far behind the level of development of the garment industry in the Central and Volga federal districts. But since it is geographically in the center of the country, it has complex natural-climatic conditions, and people living in it, objectively need not only clothes, but also stable employment. Therefore, it is important to explore the possibilities of development of the industry based on the formation of the industry cluster. The proposed technique allowed the authors to confirm the hypothesis about the possibilities of development of light industry of the Siberian Federal District as a competitive industry.

Further testing of the hypothesis requires study of possibilities of forming the garment industry cluster from the perspective of inclusion of sewing enterprises of the Omsk region in the production and commercial chain of the Novosibirsk region, taking into account the provisions set out in the work of A.E. Konovalova and O.I. Tolmacheva [13]. As the data in Table 2 show to the real possibilities of the cluster development are related the following:

1. There is a consumer demand for higher quality clothes than the clothes from India, China, Pakistan and other countries of the Third World, because of its not matching the climatic conditions of the Siberian Federal District. Low income level constrains the demand for high quality clothing brands. Consequently, there is a niche for the production of medium-quality clothing at low and medium prices. In addition, the stable demand emerged for special clothing in enterprises of oil refining, petrochemical, machine building and other complexes.

2. The work of large enterprises of oil refining and petrochemicals (JSC. "Gazpromneft – Omsk Refinery", JSC "Group of Companies Titan", JSC "Omsktehuglerod", etc.) makes it possible for the production of non-woven fabrics of refined petroleum products (for example, polyester, polyamide, polyacrylonitrile, polypropylene), which can stimulate the production of protective clothing.

3. In the Omsk region, according to scientists of SibNIISKH, one can grow fiber flax, which is advisable to process at the current flax plant of Novosibirsk region. The materials and fabrics obtained can be used for the production of special clothing, supplies for medicine and other industries.

4. The potential of higher educational institutions of the city of Omsk remains unclaimed. Since 1977, the training of staff of highest qualification is carried out by the Omsk State Institute of Service, the branch of the Siberian Cossack Institute of Technology and Management, Moscow State University of Technologies and Management named after K.G. Razumovsky, College of Technology are operating, which can provide with specialists the whole garment industry of the Siberian Federal District [14].

5. In the region, there is a fairly high level of unemployment and the need to create new jobs is required in order to reduce social tensions. All the more so, for the last 10–15 years, the large enterprises of the textile and clothing industry were closed, part of the staff of which remained out of work or works in small firms.

Assessing the prospects of clustering of the garment industry of the Siberian Federal District, one should pay attention to the expediency of integrating in the chain of economic relations first the enterprises of light industry of the Omsk and Novosibirsk regions, and then one can consistently include enterprises of the other subjects of the region. Forming the cluster of garment industry of the given subjects is expedient for several reasons: first, geographically the Novosibirsk region is bordered by the Omsk region and, in addition, Novosibirsk is the center of the Federal District, the transport and logistic communications of the region are focused there.

Second, it formed historically, that sewing enterprises of Novosibirsk specialize mainly in sewing women's casual clothes, clothes for youth, and Omsk garment factory "Leader" (former sewing association "Bolshevichka") specializes in outdoor clothing, clothing for children and men. The range of businesses allows them to meet the needs of all groups of users in a case of the organization of single trading network for marketing of products.

Third, enterprises in both regions are involved in the production of overalls, the range of which can be optimized by the manufacture of products using non-woven fabrics, as well as the technology of creating the systems of multicomponent materials, which is developed in the Omsk State Institute of Service.

Fourth, on the basis of higher educational institutions of the two regions, one can create a consulting-innovation center, providing services not only of design-technological character, but also of fashion design.

Table 2  
Analysis of the level of development of garment industry in the subjects of Siberian Federal District

Criteria	Novosibirsk region	Tomsk region	Omsk region	Kemerovo region	Krasnoyarsk region	The Republic of Khakassia
1. Number of large enterprises	10	2	6	2	8	3
2. Leading garment enterprises	"Priz", "Sinar", "Berdchanka" and trade brand "Liski"	JSC "Shveya", "Textile company Tominterservic"	"Tekhnoavia-Omsk", "Rosekipirovka", "Lider", "Forpost" and oth.	CJSC "Orton", "Sibstil" and oth.	"Rok Pillars", "Eniseyskiy textile Holding", "Positive Line", "Kanskaya garment factory" and oth.	Garment factories "Elegant", "Sayany", Knitting factory "Khakassia"
3. Specialization of production	Women's clothing, clothes for youth, outerwear, clothing for workers of railway transport	Knitting production, medical clothing and clothing for home, clothing for hunters and fishermen	Overalls for aviation, petrochemical industry, sportswear, men's clothing, textile, advertising- souvenirs products	Overalls for workers of coal, power, metallurgical industry machine-building and transport	School uniform, work clothes for outdoor activities, clothing for fuel-energy complex, metallurgy, machine building, chemical industry and others.	Manufacture of wearing garment of fur, knitted accessories and bathing suits, baby clothes
4. Availability of raw materials	Production of cotton fabrics ("Novosibirsk CC"), production and processing of flax (Flax plant of Corporation "Horse")	Import of textiles, manufacture of nonwoven materials (JSC "Region-plast", "Expro"	Imports of textiles, manufacture of insulation for clothing from non-woven materials (JSC "Omsk plant of nonwovens"),	Import of textiles, manufacture of nonwoven materials ("Orton")	Production of synthetic materials and fibers (viscose, padding polyester, non-woven materials, viscose threads, cord fabric)	Production of woolen fabrics (Primary wool processing factory, worsted cloth complex)
5. Availability of state procurement	low	low	low	high	high	high
6. Training staff for the industry	Novosibirsk Technological Institute of Moscow State University of Design and Technology (Branch), Novosibirsk College of light industry and service	Tomsk College of Design and Service, Seversky Industrial	Omsk State Institute of Service, branch of Siberian Cossack Institute of technologies and management (branch) of Moscow state university of technologies and management named after C.G. Razumovskiy, Omsk college of light industry	Prokopyevsky Industrial and Economic College	Krasnoyarskiy technological college	Khakassky College of Professional Technologies, Economics and Service
7. Presence of R & D centers and product certification bodies	Testing laboratory of textile and light industry products	Testing laboratory of textile and light industry products	Engineering Chemical-technological Centre of the National Research Tomsk state University	Testing laboratory for Textile, leather and fur examination (with VPO "VDVS")	—	—

\* Sources: Perspektivy razvitiya professionalnogo obrazovaniya v sfere lyogkoy promyshlennosti i uslug v sootvetstvii s prognozom sotsialno-ekonomicheskogo razvitiya Rossiyskoy Federatsii do 2017 goda. Informatsionno-analiticheskiy sbornik [Prospects for development of vocational education in the field of light industry and services in accordance with the forecast of Russia's social-economic development up to 2017: Information-analytical collection]. (2014). Comp. by V.A. Semenov. Ekaterinburg: PCR LPU, 20; Federalnyy portal «Rossiyskoye obrazovanie» [Federal portal "Russian education"]. Available at: <http://www.edu.ru> (date of access: 12.01.2015); Narodnaya entsiklopediya gorodov i regionov Rossii «Moy gorod» [People's Encyclopedia of cities and regions of Russia «My city»]. Retrieved from: [http://www.mojgorod.ru/novosib\\_obl/firms.html](http://www.mojgorod.ru/novosib_obl/firms.html) (date of access: 14–20.01.2015); Specialized news sites of regions and republics of the Siberian Federal District and others.

Fifth, we can organize enterprises to form and provide a niche market, "fast fashion". The model of such business is based on rapid turnover — the issue of clothing in small batches, and without a system of discounts. Finely, serial production should be close to the shops, where a small party of garment appears every week. A quick change of collections (5–7 items of 4–5 colors) creates a consumer feeling of deficit that stimulates a consumer to buy clothes.

We carry out SWOT-analysis of suggested cluster of sewing industry of Novosibirsk and Omsk regions (Table. 3). Taking into account the specific nature of production and characteristics of the regional administration, we estimate the influence of the factors of indirect and direct effects on the activity of cluster formation.

Laws and regulations. Special legal support for cluster structures is formed during the last five years, and still has not been taken into account the realities and peculiarities of forming clusters of various industries. In the Federal Law "On Industrial Policy of Russian Federation" dated 12/31/14 № 488-FZ, there the article of "Industrial clusters" was introduced for the first time (art. 20), allowing to determine the conditions of "creation of a specialized organization engaged in the methodical, organizational, expert-analytical and information support of industrial cluster development"<sup>6</sup>. The positive legal factor is the decree "On approval of rules of distribution and provision of subsidies from the federal budget to the budgets of the RF subjects on the implementation of measures provided by the programs of development of pilot innovative territorial clusters" of 06.03.2013, № 188.

State support as a factor of cluster development in the garment industry requires further development. The above stated data show a clear lack of measures taken for successful development of the industry. In this regard, there is the acute macroeconomic question: if food, shelter, clothing are the primary human needs, then why are housing and meals in the area of the state support, but clothes does not have such support?

The sectoral structure as a factor of direct impact seriously effects management of garment industry cluster. Different level of development of the industry participants of the cluster in both production of fabrics and tailoring, suggests that the activity of each of them, in principle, is an independent one, but, in fact, aimed at the realization of the collective goal.

Mentality as a factor of indirect impact of the environment is important from the point of view of the interaction of customers and the cluster structure itself partly in compensation for the cost of garment products. This cut has a huge problem not only of financial, but also of ethical nature, leading to social tension due to the invalidity of prices and quality of finished products due to the necessity to ensure the financial sustainability of cluster members.

Environmental factor also affects the activity of the cluster in the garment industry due to technological specifics of production of nonwovens. However, on the whole, garment production can hardly be regarded as environmentally risky.

The global economy and the global division of labor did not have a material impact on operations and management of the Russian garment enterprises until recently. However, the current situation changes the established notions about this macroeconomic factor.

The Russian market is not for the first year is reoriented to the middle price segment with an acceptable level of quality of garments of domestic production, as well as integrated with producers from Kyrgyzstan, Belarus and other countries. Such trends in the long term can be considered as positive for strengthening of positions of the Russian garment production.

Cultural traditions are pronounced environmental factors for the garment industry clusters, correlating with a factor such as mentality.

Civil society organizations have a significant impact on the activity of the cluster, because the products directly affect the interests of people, this manifesting itself in the form of public protection of consumers in conjunction with the Federal Antimonopoly Service activities.

The assessment of the impact of environmental factors on the garment industry cluster has shown that the level of influence of factors of direct and indirect effects is not the same due to the specific of activities of the merging parties in the cluster. It is to be noted, however, that ignoring the irrelevant to the current environmental factors can lead to incorrect cluster development strategy in changing economic conditions. In this context, of importance is an evaluation of regional risks, as cluster structure depends on the economic, social and political environment of the territory, which will be

<sup>6</sup> Federalnyy Zakon «O promyshlennoy politike Rossiyskoy Federatsii» ot 31.12.14 № 488-FZ, st. 20 [the Federal Law "On Industrial Policy of Russian Federation" dated 12/31/14 № 488-FZ].



**SWOT- analysis of the assumed cluster of garment industry of Novosibirsk and Omsk regions**

	<b>Strengths</b>	<b>Weaknesses</b>	
	<p>Stable demand of population for sewing production.</p> <p>Territorial closeness of the regions and availability of transport infrastructure.</p> <p>Availability of specialized educational institutions.</p> <p>Availability of centers of quality and certification expertise of products of textile and light industry.</p> <p>Sustainable development of large garment enterprises of Novosibirsk region and presence of recognizable brands.</p> <p>Developed petrochemical complex as the basis for production of synthetic nonwoven materials, including Hollofayber (to purchase the patent in Moscow factory of non-woven materials "Thermopol")</p>	<p>High share of import of fabrics and their dependence on supplies.</p> <p>Large amount of counterfeit garment products on the market.</p> <p>Low level of competitiveness among garment companies.</p> <p>High volume of work in making products, low salary and poor working conditions in the enterprises.</p> <p>Low level of labor productivity.</p> <p>Low rate of assortment turnover in production of clothing</p>	
<b>Opportunities</b>	<p>Own production of nonwoven materials, including hollofayber.</p> <p>Own production of flax materials and fabrics.</p> <p>Developed system of sectoral education for staff training.</p> <p>Carrying out researches in the field of technologies and design of garments, as well as fashion design.</p> <p>Creation of new jobs</p>	<p>Formation of new market niches.</p> <p>Research of garments properties and creating clothes with new properties for various fields of activity (military, petrochemical, etc.).</p> <p>Optimization of special-clothing production and improving its quality.</p> <p>Organization of manufacture of overalls for the needs of specific industries.</p> <p>Creation of consulting and innovation Centre of garment industry</p>	<p>Implementation of pilot projects for production of actual garment products of required quality.</p> <p>Strengthening quality control of garment products in the markets of Novosibirsk and Omsk regions to eliminate unscrupulous competitors from the market.</p> <p>Development of new market niches, for example, the market of "fast fashion".</p> <p>Promoting investments in the renewal of sewing equipment and improvement of working conditions</p>
<b>Threats</b>	<p>Deficit of raw materials.</p> <p>Low motivation to invest in enterprises of garment industry.</p> <p>Lack of own machine-building production for the industry.</p> <p>Increased competition from foreign producers.</p> <p>Development of online counterfeit clothing trade</p>	<p>Development of sectoral program to encourage entrepreneurs to produce non-woven fabrics, including Hollofayber using the refined petroleum products for clothing industry Adoption of the program of investment-financial support for manufacturers of fabrics in Novosibirsk.</p> <p>Formation of own base of raw materials (flax materials, synthetic materials).</p> <p>Investment programs to upgrade the sewing equipment.</p> <p>Toughening measures against counterfeit c products and "gray" import, including through online trading</p>	<p>Creating the industry retailer, operating in the territory of the Siberian Federal District Creating a sectoral bank to invest in garment industry.</p> <p>Implementation of measures to improve working conditions at the enterprises of the industry.</p> <p>Active introduction of new garment production technologies.</p> <p>Adoption of measures to improve the quality of clothing and workwear.</p> <p>Programs of social support of employees of enterprises of garment industry</p>

Table 4

## Components of the investment risk of Russian regions (RA expert)

Region	Rank of risk		Average weighted risk index, 2014	The ranks of investment risk components in 2014					
	2014	2013		Social	Economic	Financial	Criminal	Ecological	Managerial
Novosibirsk region	19	25	0.217	48	13	7	59	43	48
Omsk region	25	30	0.234	35	10	30	64	52	56

Table 5

## Components of investment potential of Russian regions (PA expert)

Region	Rank of potential		Share in all-Russian potential 2014 (%)	Ranks of components of investment potential in 2014								
	2014	2013		labor	consumer	productive	financial	institutional	innovational	infrastructural	Of natural resources	touristic
Novosibirsk region	15	16	1.590	12	15	20	16	9	5	47	39	29
Omsk region	32	31	0.997	24	22	19	25	25	28	55	42	60

organized. In terms of political and social risks, the Omsk and Novosibirsk regions are characterized by stability<sup>7</sup>.

The economic situation in the region nonuniformly affects the projected processes. The investment attractiveness of Novosibirsk and Omsk regions according to the National Rating Agency for 2014 is estimated at the level of the group IC5 (the average investment attractiveness — the second level). For this, the Omsk region confirms its ranking in the period under review, and as to Novosibirsk region, the rating was downgraded from IC4 (average investment attraction — the first level). However, this rating is not critical, when determining the average positions of the regions (4th place out of 9).

To activate the investment processes in order to form the garment industry cluster, in Table 4 and 5 we will evaluate investment risks and potential of the placement regions. This information allows one to take into account the degree of influence of risk factors on the effectiveness of the cluster structure.

It should be noted that of 83 regions assessed, the ranks of the risks of Novosibirsk and Omsk regions in 2014 are at 19 and 25 levels, respectively, in addition, it can be traced their rise as compared to 2013. However, the components of investment risk indicate the non-uniform influence of factors on the resulting rating. Thus, criminal, environmental, administrative and social factors in the regions have significant negative impact on the accumulated risk rank. The economic and financial factors significantly negate the negative impact of other components. When evaluating the risk management options, it is important to understand the source of the risk, which allows proactively respond to it. This information is important to identify the priorities of risk management system in the organization of the cluster structure.

The investment potential of Novosibirsk and Omsk Regions for 2014 is kept at the sufficiently high level, although performance indices show the unequal status of the regions—15 and 32, respectively. The leading role in this respect belongs to the Novosibirsk region. The most positive impact on the investment potential is provided by the innovative, institutional, labor, financial factors which can be considered as priority ones in the cluster management system. The potential of the region for the risk of Omsk and Novosibirsk regions in 2014 was rated: 3B1 (reduced potential — moderate risk) for the Omsk region and 2B (middle potential — moderate risk of the position of investment) for the Novosibirsk region.

<sup>7</sup> Omskaya oblast — region s khoroshimi usloviyami dlya privlecheniya investitsiy [The Omsk region — a region with good conditions for attraction of investments]. (August 6, 2014). Argumenty i fakty [Arguments and facts]. Retrieved from: <http://www.omsk.aif.ru/money/1310822> (date of access: 11.04.2015).

## Conclusions

The results of the analysis show that the establishment of garment industry cluster of Novosibirsk and Omsk region will increase its level of competitiveness in the Siberian Federal District. With active use of strengths and opportunities of the two regions, one can achieve significant success in its development. Namely, the regions have opportunities for production of textiles and non-woven materials from their own raw materials and refined petroleum products that will partially solve the issues of providing garment enterprises with materials. There are conditions for carrying out the research and development in the field of new garments manufacturing techniques with the usage of modern materials. To promote the formation of the cluster, it is necessary to establish a working group in the regional governments to work out a program of development of garment production, holding conferences to identify priorities for development of the industry and creation of conditions for stimulating investment activity of entrepreneurs. Gradually, one can include the enterprises of all regions and republics of the Siberian Federal District into the sectoral cluster.

The garment industry cluster has strategies of optimizing the activities of enterprises in the case of the negative scenario of market development. Support of the law enforcement and financial-credit institutions can ensure the implementation of business development opportunities that is able to contribute to solving the social problems of the region.

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